

*Ring to Finance* **SECRET**

*29-7-58*

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*DPS-2919*

August 22, 1958

Dear Dan:

Your letter of June 18, 1958 (DPS-1543) relative to the reimbursability of Contractor-established per diem is acknowledged and appreciated. Although the definitive contract states the Contracting Officer can approve payment of per diem, it appears to us that interpretation of what constitutes per diem leaves some question as to whether or not all costs incurred by Contractor personnel are reimbursable.

You will recall that the Contractor's policy on travel provided for payment of all reasonable actual expenses to the employee. For purposes of claiming reimbursement of these expenses under Government contracts, amounts paid for meals and lodging were limited to specified rates per day, but other expenses such as laundry, valet, telephone, etc., were permitted at actual. Although the latter types of expenses were small relative to the balance of travel costs, our concern has been that we should exclude them if allowable costs were limited to transportation and per diem only.

We have discussed this matter with [redacted] and find that his interpretation of per diem is comparable to ours. He points out that the definitive contract superseded the letter contract, and notwithstanding any provisions in the latter document, he would have to take exception in an audit to any travel costs other than per diem or transportation.

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Although we do not want to create more concern for this matter than it warrant, it appears that some clarification is

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desirable. Perhaps a statement from you interpreting per diem to include other travel costs is sufficient. Otherwise, an amendment to the contract to change "per diem" to "per diem and/or other actual expenses" appears appropriate.

Whatever action is necessary to finally settle this question will be appreciated.

Sincerely,

*Sid*  
Sid